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Departamento de Economía de la Empresa
Universidad Carlos III de Madrid
Calle Madrid, 126
28903 Getafe (Spain)
Fax (34) 91 624-98-49

"Influences of institutional pressures on corporate social responsibility attitude and corporate social responsibility outcomes"

Rasi Kunapatarawong [1], Ester Martínez-Ros[2]

Abstract

We study the antecedents that help explaining how firms should deal with CSR in this modern economy where there is a heightened demand for firms to behave in a socially responsible manner, and also why some firms succeed with their CSR initiatives while others fail. We believe (1) different types of demands from various stakeholder groups, (2) managers" attitude, and (3) disaggregation of CSR dimensions to be three important issues playing a role in creating robust CSR. Our results unveil that external and internal institutional pressures alone do not have significant relationships with both types of CSR: firm-benefit CSR and mutually-benefiting CSR. Instead these forces affect CSR attitude of managers, which successively, influences the kinds of CSR they consider and engage in.

Keywords: Corporate social responsibility, corporate social responsibility attitude, institutional theory

[1] Department of Business Administration – Universidad Carlos III de Madrid
[2] Department of Business Administration – Universidad Carlos III de Madrid

1. Introduction

Corporate social responsibility (CSR) is located in “wider responsibility systems in which business, governmental, legal, and social actors operate according to some measure of mutual responsiveness, interdependency, choice, and capacity” (Matten and Moon, 2008, p.407). The organizational success depends not only on coordination and control of productive activities, but also the ability in becoming isomorphic with the institutional environment. Institutional theory both *constrains* and *enables* firms behavior: constraining through rules, negative sanctions or punishments (Campbell, 2007); and enabling through the use of incentives, rewards or other positive mechanisms (Campbell, 2004). In today‟s world, scholars recognize that there exist increasing internal and external pressures from different stakeholder groups on organizations to fulfill broader social goals through embracing CSR practices (Aguilera et al., 2007; Matten and Crane, 2005; Hillman and Keim, 2001; McWilliams and Siegel, 2001). Institutional theory both *constrains* and *enables* firms behavior: constraining through rules, negative sanctions or punishments (Campbell, 2007); and enabling through the use of incentives, rewards or other positive mechanisms (Campbell, 2004). As such, much of firms‟ adoption of CSR practices hinge on pressures from institutional environment. At the same time, more and more firms are now including CSR as one part of their strategic objectives (Porter and Kramer, 2006; Graafland et al., 2003) due to its importance. Firms can use CSR as a form of differentiation strategy, as reputational capital, to obtain legitimacy, to signal quality and honesty, and more (Porter and Kramer, 2006; McWilliams and Siegel, 2001; Waddock and Graves, 1997). Therefore, it is clear that “it is no longer just acceptable that a corporation does well by doing good… it is expected” (Kotler and Lee, 2005).

The field of CSR research is still hampered with the lack of consistent definition and its measurement (McWilliams et al., 2006), making it difficult to compare results. Yet, certainly what is lacking in this field is not the study whether CSR benefits firms. Numerous studies have attempted to identify the relationship between corporate social performance (CSP) and corporate financial performance (CFP) (Lockett et al., 2006). Though previous studies have shown mixed results, meta-analyses showed positive CSP-CFP relationship in the long run (Margolis and Walsh 2003; Orlitzky et al., 2003).

Moreover, the field is constrained by the fact that CSR is a multidimensional construct (Waddock and Graves, 1997; Carroll, 1979) with so far no consensus on what exactly should be included as a social responsibility (Lockett et al., 2006; Griffin, 2000). CSR actions for some firms mean merely charitable giving while for other firms, CSR is deeply integrated into firms‟ core businesses such as developing new sustainable products. Instead of wasting time splitting hairs over what constitutes CSR, we feel that firms should be led to focus on the more pressing issue of how to create high CSR performance rather than poorly performed or ad hoc CSR programs with sporadic impact.

Due to this, a gap in the field is therefore what catalyzes firms to engage in increasingly robust CSR initiatives that lead to a success, given there are different institutional players at various levels pushing firms to do CSR (Aguilera et al, 2007). There are many benefits produced by having successful CSR programs, such as attracting and retaining high quality employees (Turban and Greening, 1997), generating a positive consumer perceptions (Sen and Bhattacharya, 2001), generating reputation (Fombrun and Shanley, 1990), or even providing sustainable advantage. A failed CSR or even a perceived corporate CSR hypocrisy by stakeholders, on the other hand, damages firms. For example, Wagner et al. (2009) show that perceived CSR hypocrisy from firms damages consumers‟ attitudes towards firms. Porter and Kramer (2006) also stated that negative social performance can lead to firm bankruptcies. Evidence was as well found that negative social performance has detrimental effect on product reputations (Brown and Dacin, 1997).

To reduce failures of CSR attempts, it is useful for both academicians and business practitioners to study about antecedents explaining why some firms fail with their CSR attempts while others succeed. We believe the following three issues to play a role.

First, firms encounter demands from various stakeholder groups (i.e., governments, customers, community) to dedicate resources to CSR (McWilliams and Siegel, 2001). These institutional environments both create and constrain incentives for firms to behave (Campbell, 2007) through imposing expectations and demands on firms, granting firms with varying levels of legitimacy (Kostova and Zaheer, 1999; Rosenzweig and Singh, 1991), as well as giving different levels of returns on CSR activities (McWilliams et al., 2006). Thus, this makes specific CSR initiatives more or less appropriate for certain firms (McWilliams et al., 2006). Clearly, "one size does not fit all." We then expect different institutional players to exert different degrees of institutional pressures in terms of types of firms‟ CSR engagement. Moreover, CSR behaviors vary across countries (Maignan and Ralston, 2002), depending upon the institutions within which firms operate (Campbell, 2007). Many scholars (i.e., Margolis and Walsh, 2003; Maignan and Ralston 2002); hence, concurred that we should pay more attention to institutional mechanisms that may influence firms‟ CSR behaviors. The different types of institutional pressures studied in this paper are external pressures (from the public, competitors, and laws) and internal pressures (from top management, shareholders and employees).

Second, managers are important to CSR. There cannot be socially responsible corporations without socially responsible managers (Waldman et al., 2006a; Hunt et al., 1990). Moreover, CSR has an attitudinal dimension in the sense that socially responsible *attitudes* drive socially responsible *behaviors* (Hunt et al., 1990). Previous research showed that individuals have distinct attitudes and expectations towards CSR subject to industry (Strike et al., 2006; Bansal and Roth, 2000) or societal culture (Waldman et al., 2006a). Therefore, we conjecture that managers‟ attitudes towards CSR in firms of different countries of origin play a role in types of CSR initiatives to be undertaken. After all, decisions regarding CSR activities are taken by managers. CSR attitude that we study here refers to a belief in socially responsible behaviors of firms.

Third, much of the confusion about CSR stems from a failure to distinguish among different types of CSR; therefore, we disaggregate CSR into different types (Lantos, 2001). This is because CSR activities vary on numerous dimensions. Previous research suggested separating CSR according to motivations (Husted and Jesus Salazar, 2006; Baron, 2001), business goals to meet (i.e., short-term goal to increase product purchase versus long-term goal to improve brand perceptions through CSR) (Pirsch et al., 2007), or levels of CSR engagement such as superficial level versus core company level (Weaver et al., 1999). In this article, we focus on two types of CSR: mutually-benefiting CSR and firm-benefit CSR.

The purpose of our study is to fill the void by studying the relationship among these three causes: the different types of institutional pressures, managers‟ attitude towards CSR and effects on different types of CSR. Specifically, we hypothesize that the different types of CSR are affected by different types of institutional pressures and are mediated by managers‟ CSR attitude. This perspective is based on the assumption that, according to institutional theory, all firms are pressured by some forms of institutional forces. Our study is limited to only publicly-held firms as they are subject to market for corporate control and are demanded to engage in CSR than privately-held firms.

The study of such relationships can provide new insights into how organizations should deal with CSR in this modern economy where there is a heightened demand from societies for firms to behave in a socially responsible manner (Aguilera et al., 2007; Hillman and Keim, 2001). Our paper contributes to the field in several ways. First, while there exist studies confirming the effect of institutional players on CSR (i.e., Aguilera et al., 2007; Campbell, 2007), little attention has been paid to how different types of institutional players affect different types of CSR. Second, most studies on CSR determinants have been on examining external influences on CSR (i.e., Campbell, 2007; Greening and Gray, 1994). A potentially richer research might emerge from studying internal factors that shape CSR activities (Basu and Palazzo, 2008). Third, few researchers have studied CSR in a comparative cross-national context where there are different and important institutional implications (i.e., Matten and Moon, 2008; Maignan and Ralston, 2002). Fourth, concerning managers as another determinant for CSR, there have been more studies on types of leadership (i.e., Godos-Díez et al., 2011; Waldman et al., 2006b), or mental frames (Basu and Palazzo, 2008), rather than attitudes towards CSR. Learning about their attitudes might provide a deeper understanding about CSR as it reveals motivations behind deployment of CSR initiatives. Last, we also provide evidence showing if managers‟ CSR attitudes differ across borders or not as well as whether and how attitudes towards CSR get transferred into different types of CSR.

The paper proceeds as follows. First, we briefly review the literature on CSR to identify some important clues linking with institutional conditions. Second, we review how managers affect the nature and outcomes of CSR. Then, we discuss different types of CSR, followed by proposals of hypotheses, the results and future research. The aim of this article is to address antecedents so we can develop a better understanding of the processes of how CSR is practiced.

2. Evolution of CSR and its many components

The history of evolution of CSR is impressive. Its evolution can be traced back to the 1950s, which marks the modern era of CSR where formal writing on the topic has begun (Carroll, 1999). Since then, there have been many definitions and a large body of both theoretical and empirical research. Still, "CSR means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in the ethical sense; to still others… many simply equate [CSR] with a charitable contribution; some take it to mean socially conscious [while] a few see [CSR as] a sort of fiduciary duty imposing higher standards of behavior" (Votaw, 1972, p. 25). The field is "eclectic… with loose boundaries, multiple memberships, and differing training/perspectives; broadly rather than focused [and] multidisciplinary" (Carroll, 1994, p. 14). Moreover, CSR is an umbrella term, being synonymous with other conceptions of business-society relations (Matten and Crane, 2005). To avoid confusion, in this article, rather than defining CSR using specific details, we clarify our approach towards it using a broader view of George Steiner (1971) where:

> "*Business is* and must remain fundamentally an *economic institution*, but… it does have *responsibilities to help society* achieve its basic goals and does, therefore, have social responsibilities. *The larger a company becomes, the greater are these responsibilities*, but all companies can assume some share of them at no cost and often at a short-run as well as long-run profit. [Furthermore], the assumption of social responsibilities is more of an *attitude*, of the way a *manager* approaches his decision-making task, than a great shift in the economics

of decision-making. It is a philosophy that looks at the *social interest* and the *enlightened self-interest of business* over the *long-run.*" (p. 164)

This view is appropriate for our study as it covers two competing themes about firm"s role – firms as wealth-generating agent versus firms as social institutions – as well as encompassing the attitude aspect of CSR.

2.1 Empirical and theoretical CSR

Firms face continuous antinomy of competing social and economic imperatives. Creating wealth has been an essential corporate goal from an economic perspective while responding to human misery and natural environment are essential objectives from social perspective (Margolis and Walsh 2003). As a result, empirical research in CSR has largely focused on empirical connection between CSP and CFP (Lockett et al., 2006; Orlitzky et al., 2003) as a way to ease tension between firms" humanitarian needs towards broader stakeholder groups and economic commitments towards owners/shareholders (Margolis and Walsh 2003; Carroll, 1991).

The first of CSP-CFP relationship study appeared in 1972 (Bragdon and Marlin, 1972; Moskowitz, 1972) as a response to public"s skepticism towards CSR (Friedman, 1970; Levitt, 1958). Since then, more than forty years of empirical studies have shown mixed results but a clear signal emerges that there is a positive association between CSP-CFP (Margolis and Walsh 2003; Orlitzky et al., 2003). Surroca et al. (2010) suggested that contradictions in prior results are due to the imperfect nature of these studies such as measurement problems (Hillman and Keim, 2001), misspecification of the models (Margolis and Walsh 2003; Orlitzky et al., 2003), and direction of causality, rather than CSR not benefiting firms. Even though resources are taken away from activities that can produce even more wealth, CSR does not injure shareholders in a significant way or damage firms" wealth-creating capacity (Margolis and Walsh 2003). These studies, thus, bring some form of closure on this debate (Aguilera et al, 2007) that CSR does present competitive advantage for firms (i.e., Porter and Kramer, 2006; Waddock and Graves, 1997).

The theoretical and empirical CSR literature is extensive and has been reviewed in detail elsewhere (i.e., Garriga and Melé, 2004; Margolis and Walsh, 2003; Orlitzky et al., 2003; McWilliams and Seigel, 2001). Besides, the CSR theory and practice itself has been extended to include many more terms and concepts such as corporate social performance, corporate citizenship, new application of business ethics, and stakeholder relations (Garriga and Melé, 2004). For these reasons, the discussion that follows is limited to only indications where research on this subject provides hints as to how institutionally focused approach on CSR might be developed as most of the CSR literature does not yet explore whether and how institutional conditions affect firms‟ CSR tendencies (Campbell, 2007).

2.2 Different types of CSR

CSR should be disaggregated into different types (Aguilera et al., 2007; Lantos, 2001) because CSR is a multi-dimensional construct encompassing a set of highly diverse aspects. Previous research suggested some guidelines in separating CSR, for instance, according to motivations (Husted and Jesus Salazar, 2006; Baron, 2001), business goals to meet (i.e., short-term goal to increase product purchase versus long-term goal to improve brand perceptions through CSR) (Pirsch et al., 2007), or levels of CSR engagement such as superficial level versus core company level (Weaver et al., 1999).

Moreover, not only that firms wrestle with the dilemma of firms as wealth-generating agents or firms as social institutions, but also firms‟ social initiatives are complicated all the more by *managers' mixed motives* (Margolis and Walsh, 2003). Concerning CSR, managers may seek to relieve coercive calls for involvement, secure legitimacy and reputation, or actually aid society (Margolis and Walsh, 2003). With managers‟ mixed motives, it is logical to split CSR into distinct types.

Previous scholars have categorized CSR differently. For example, Lantos (2001) classified CSR into three types. Ethical CSR is to avoid societal harms. Altruistic CSR is to do good works at the expense to stockholders. And strategic CSR is to do good works that are also good for business. Matten and Moon (2008) have identified explicit and implicit CSR. Explicit CSR is referred to "corporate policies that assume and articulate responsibility for some societal interests…[while implicit CSR is referred to] corporations‟ role within the wider formal and informal institutions for society‟s interests and concerns" (Matten and Moon, 2008, p. 409). Another example is Pirsch et al. (2007), who argued that CSR falls along a continuum between institutionalized CSR and promotional CSR. Institutionalized CSR fulfils a firm‟s social obligations across all stakeholder groups, whereas promotional CSR uses CSR as a main tool to drive product sales.

In this article, we separate CSR into two types – firm-benefit CSR and mutually-benefiting CSR – according to the classification of CSR theories by Garriga and Melé (2004). They based their CSR theories categorization on the interaction between business and society.

First, our „firm-benefit CSR‟ is derived from Garriga and Melé (2004)‟s *instrumental theories*, where CSR is seen as a mere means towards making profits. However, this does not mean that concerns for profits exclude taking into account the interests of firms‟ other stakeholders. It simply means that shareholder value is the supreme criterion for corporate decision-making. This firm-benefit CSR is in accordance with Jensen (2002)‟s enlightened value maximization. Jensen (2002)‟s "enlightened value maximization utilizes… the structure of stakeholder theory but accepts maximization of the long-run value of the firm as the criterion for making the requisite tradeoffs among its stakeholders, and specifies long-term value maximization or value seeking as the firm‟s objective" (Jensen, 2002, p. 235). The concept entails that firms‟ decision-makers be sensitive to non-shareholders‟ demands on account of the effects and contributions they have on firms. Hence, in line with this view, our firm-benefit CSR is referred to any investments in social demands that would produce an increase in shareholders‟ value are made, whereas any CSR initiatives that only impose costs on firms are rejected.

Second, our „mutually-benefiting CSR‟ follows *integrative theories* as classified by Garriga and Melé (2004). According to this group of theories, businesses depend on societies for existence, growth and continuity; ergo businesses ought to integrate social demands and operate in accordance with social values. Mutually-benefiting CSR is in conformity with Freeman (1984)‟s stakeholder management perspective. The theory establishes a legitimate place for parties other than shareholders, whose interests and concerns orient managers‟ actions as well. Given that the word „social‟ in CSR has been vague, stakeholder theory has contributed tremendously to the field by putting „names and faces‟ on societal members to whom businesses must be responsive. Particularly, the theory delineates specific groups that business should take into account concerning its CSR orientation (Carroll, 1991). Hence, this type of CSR – or, in our terms, mutually-benefiting CSR – is CSR where firms and firms‟ stakeholders mutually benefit.

2.3 Stakeholder theory and CSR

Stakeholder theory (Freeman, 1984) emerged as the dominant theoretical response to the economists‟ challenge about firm‟s role as a wealth-creating agent or a social institution (Margolis and Walsh, 2003). Freeman (1984) provided a framework to examine how firms relate to "any group or individual who can affect or is affected by the achievement of the organization‟s objective" (Freeman, 1984, p. 46). This is because firms consist of a variety of different constituencies – such as customers, suppliers, employees, shareholder and even society at large – in which firms have to balance these various stakeholders‟ needs.

Most of the stakeholder literature focuses on four issues (Donaldson and Preston, 1995). First, it focuses on describing who the stakeholders are and what corporation is. Second, it claims that stakeholders have legitimate interests over corporate activities. Third, it advocates structures, attitudes, and practices that constitute stakeholder management. Last, it discovers the relationship between achievement of numerous corporate performance goals – such as profitability and growth – and stakeholder management. Although stakeholder theory is closely related to CSR to the extent that the theory defines inappropriate and appropriate firm behaviors in relation to their stakeholders, stakeholder theory alone is not well-suited on the grounds that it neglects the question of how stakeholders are impinged upon specific politics, culture, and the like that form institutional environment which establishes proper set of incentives for firms to act in socially responsible manner. As such, we introduce institutional theory to fill the void by exploring how institutional conditions, through stakeholder management, affect CSR behavior that firms must adhere (Campbell, 2007).

2.4 Institutional theory and CSR

New institutionalism or neo-institutionalism broadens the conception of earlier organizations" environment, which emphasized the importance of technical environment, to include the *importance of social and cultural environment* (Scott, 1995). The theory recognizes that social, economic, political and other factors constitute an institutional structure of an environment, or *rationalized myths* – widely held beliefs and impersonal rules specifying procedures necessary to accomplish a given end. Owing to the fact that firms need to establish legitimacy and obtain resources, existing external and internal institutional pressures in the environment where firms operate – such as politics, public, or cultural pressures – force organizations to adopt a particular structural form and therefore behave in certain ways in order to survive (Meyer and Rowan, 1977). The net effect of institutional pressures is then the increase in homogeneity of organizational structures in an intuitional environment.

With responsiveness towards stakeholders as a vital part of CSR, firms embedding in broad political and economic institutions affecting their behaviors (Fligstein, 2001, 1990; Roe 1994), and an institutional framework where CSR is considered as a part of a new legitimacy (Matten and Moon, 2008; Wood, 1991), we focus on institutional determinants of CSR. Institutional theory is associated with CSR through (1) bringing in interactions and inter-dependencies among stakeholders into account; and (2) creation of rationalized myths that regulate and standardize firm practices to execute CSR to some extent, leading to homogenization of institutional environment adhering to socially responsible behavior (Matten and Moon, 2008). Consider an example of firms" CSR involvement through coercive isomorphism – formal or informal pressure (i.e., laws imposed by states, standards enforced by voluntary organizations) exerted on firms as a condition for legitimacy. Industrial associations force product quality, workplace safety, and the like of socially responsible behaviors by setting standards to which members should adhere. Failure to conform can be seen as irrational and negligent and might even result in sanctions (Campbell, 2007). Another example is ISO14000. Ever since its establishment, there has been a rush of firms‟ initiatives to comply with this environmental standard (Matten and Moon, 2008). In addition, scholars have agreed that certainly there are increasing internal and external pressures exerted on firms to fulfill broader social goals and consequently engage in CSR initiatives (i.e., Aguilera et al., 2007; Matten and Crane, 2005; Logsdon and Wood 2002; Weaver et al., 1999).

From the arguments above, we conclude that there exist institutional pressures for firms to embrace CSR. These include *external institutional pressures* – i.e., forces operating outside firms at the macro- and inter-organizational level within which firms maneuver (DiMaggio and Powell, 1983) such as government, consumers, and the public; and *internal institutional pressures* – i.e., forces operating inside firms such as employees, management, organizational culture, structure, and leadership (Campbell, 2007). There are other factors triggering firms to respond differently to CSR as well, for instance, the features of the social problems. However, it is beyond the scope of this paper to discuss triggers other than varying institutional pressures.

While businesses have awakened to the fact that there are external and internal institutional pressures compelling firms to operate in a socially responsible fashion, their responses vary greatly (Oliver, 1991). In some cases, institutional pressures create window-dressing responses that are decoupled from normal, ongoing firm activities; whilst in other cases, such pressures generate meaningful changes that are integrated into everyday firm decisions. For example, Greening and Gray (1994) observed that in response to external pressures, firm‟s environmental programs are decoupled from everyday organizational activities. Such decoupling programs are likely to occur when institutional demands appear to be in conflict with other firm goals (Meyer and Rowan, 1977), and accordingly, firms‟ CSR programs developed in response to external pressures are likely to be *superficial-level or window-dressing CSR programs* with the purposes of (1) providing firms with the appearance of conformity to external expectations and (2) making firms easy to insulate themselves from those expectations (Weaver et al., 1999). For instance, Weaver et al. (1999) found that external institutional pressure from the government begets firms to implement easily decoupled elements of CSR programs.

On top of that, many companies awoke to such fact only after being surprised by the public stipulating them to be responsible for what were not previously thought of as parts of their business responsibilities. Thus, corporate attention to CSR has not been completely voluntary and what is worse is firms are hazy on what to do, prompting *cosmetic*, not strategic, corporate responses involving more of media campaigns and public relations (Porter and Kramer, 2006).

In reference to a good management theory by Waddock and Graves (1997), because managers recognize benefits gained by appearing to be socially responsible, even though they may not be fully committed to or believe in the idea of CSR, they might pursue social performance goals anyway, possibly at a minimum investment, just to avoid significant bad publicity. Waddock and Graves (1997) termed this a *posturing* CSR to improve, for instance, firms‟ external reputations or investor relations, and hence may not be real CSR at all.

Following the aforementioned discourse, it can be seen that firms simply act reciprocally to external pressures. Therefore, we propose that:

> *H1a: Internal institutional pressures are not in association with firm-benefiting CSR.*
> *H1b: External institutional pressures are in association with firm-benefiting CSR.*

There is no penalty or destructive impact from allocating resources to CSR. In fact, it seems that such investments are advantageous especially if they are aimed towards bettering relationships with key stakeholders (Waddock and Graves, 1997). This provokes many firms to adopt a *triple bottom line philosophy*, which commends that organizational success is conditioned on (1) economic profitability, (2) environmental sustainability, and (3) social performance (Hart and Milstein, 2003). Such triple bottom line thinking requires integrative actions that are born organically from internal players, such as from management and owners/shareholders.

Furthermore, executives of financially successful firms might initiate CSR due to a sense of reciprocity and/or guilt (Margolis et al., 2007). Because of reciprocity, many successful individuals who run successful companies begin to assume they owe something to those around them (Frank, 2007). Guilt arises from distress over inequity. When people benefit more than others do, they feel unduly rewarded and this motivates efforts to help reduce those inequities (Baumeister et al., 1994). In this manner, guilt about reaping rewards without compensating others may propel firms‟ internal players to endeavor to do good deeds (Margolis et al., 2007).

Under such circumstances, internal institutional pressures may create a more *integrated core-company-level* CSR, where such structures and policies affect regular firm affairs and are in interaction with all others involved (Weaver et al., 1999), to avail both firms and society concurrently. For example, Weaver et al. (1999) reported that managers‟ personal commitment is an essential part to what drives organizations to involve in what can be termed *proactive* CSR. This breed of CSR is driven by regards to relationships among distinct stakeholder groups in order to gain legitimacy with a long-term purpose in order to achieve cohesion with societies. Therefore, we propose that:

H1c: Internal institutional pressures are in association with mutually-benefiting CSR.
H1d: External institutional pressures are not in association with mutually-benefiting CSR.

2.5 Managers and CSR

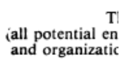
With regard to CSR, the role of managers is extremely important (Swanson, 2008) for several reasons.

First, *managers lead in terms of CSR* (Waldman et al., 2006b; Agle et al., 1999). "There cannot be socially responsible firms without socially responsible managers" (Godos-Díez et al., 2011, p. 531). Indeed, it is managers who spread interests in social responsibility throughout the firm (Waldman et al., 2006a). Previous works suggested that the best way to get firms to behave in socially responsible ways is to convince their managers that CSR is the right action to pursue (Handy, 2002; Prahalad and Hammond, 2002).

Second, *managers' cognitive base affects their decision-making choices*, including both economic and social choices. The upper echelons (UE) theory posits that "executives' experiences, values, and personalities greatly influence their interpretations of the situations they face and, in turn, affect their choices" (Hambrick, 2007, p. 334). Human beings are limited in their capabilities to make complex choices due to bounded rationality (Simon, 1982); therefore, they rely on their own set of „*givens*" when making decision (March and Simon, 1958). These *givens* are a person"s cognitive base embodying cognitions, values and perceptions that shape, filter and distort how he perceives, interprets and orders his preferences about the environment around him (Figure 1). In accordance with Zanna and Rempel (1988)"s conceptualization of attitudes, cognition (opinions or beliefs), affect (feelings and emotions), and past behaviors (intention to behave) generate an attitude of a person. Consequently, executives" cognitive base, which forms an attitude, influences their decision-making process and facilitates formulation of certain strategic choices, including decisions pertaining to CSR, which in turn impact organizational outcomes (Hambrick and Mason, 1984).

FIGURE 1: Strategic choice under bounded rationality conditions

(Hambrick and Mason, 1984)



Third, firm responses to *social issues have aims different from other firm activities* (Matten and Moon, 2008; Margolis and Walsh, 2003), making managers‟ decision-making process for economic objectives different from CSR objectives. Managers must learn to make *new assessments* of these social purposes so firms can battle with the problem of how to appease both economic and social objectives appropriately (Merton, 1976).

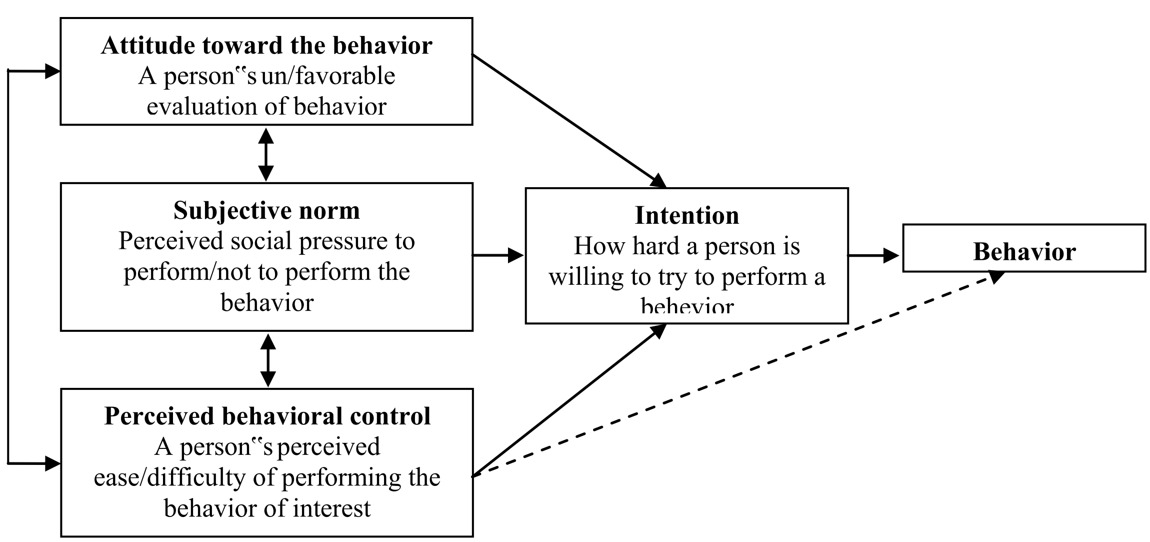
Though managers‟ role in implementing CSR is important, this question has been scarcely dealt with in previous empirical studies (Waldman et al., 2006a; 2006b). The investigation about managers‟ micro-level attitude towards CSR will help us to understand this new method of assessment in satisfying the contested social and economic imperatives. The above arguments set the stage for understanding potential relationships between managers‟ attitude and choices relating to CSR.

2.6 CSR attitude

Now that we know managers are predominantly responsible for CSR implementation, preceding results also show that neither penalties nor rewards accrue to their socially responsible actions but instead what drives such behaviors are their attitudes (Hunt et al., 1990). In management literature, there is a growing interest in measuring managerial CSR attitudes in order to comprehend the inclinations and actions managers may take regarding CSR (i.e., Maignan and Ralston, 2002; Quazi and O‟Brien, 2000; Agle et al., 1999; Goolsby and Hunt, 1992; Wood, 1991; Hunt et al, 1990; Davis, 1973).

Our work is grounded in Ajzen (1991)‟s theory of planned behavior (Figure 2) where attitudes are mechanisms shaping actions. The theory stated that "intentions to perform behaviors of different kinds can be predicted with high accuracy from attitudes toward the behavior, subjective norms, and perceived behavioral control; and these intentions, together with perceptions of behavioral control, account for considerable variance in actual behavior" (Ajzen, 1991, p. 179). In sum, the attitude an individual holds determines what he does.

FIGURE 2: Theory of planned behavior (Ajzen, 1991)



Concerning managers" attitude towards CSR, first, Agle et al. (1999) recommended that instead of concentrating on studying social performance, investigators should delve into managerial personal characteristics, including attitude, affecting their decision-making on CSR. Second, institutional analysis literature has stressed managers" cognitive frames, mindsets, or world views as significant determinants of how managers run their firms (i.e., Aguilera and Jackson, 2003; Dore, 1983). Third, Aguilera et al. (2007) said it would be fruitful to conduct studies on CSR perceptions, motives and/or attitude because they may be mediating variables that would allow for a more thorough investigation of CSR. And last, Maignan and Ralston (2002) reported that there were three motivations for firms to behave in socially responsible ways: (1) attitude of managers that valued such behavior, (2) managers believed that such behavior enhanced financial performance of the firms, and (3) stakeholders or institutions pressured firms to behave in socially responsible ways.

In this manner, we study managers" attitudes towards CSR and propose the following hypotheses.

H2: Manager's CSR attitude affects the types of CSR.

H3a: Managers' attitude towards CSR is a mediating variable affecting the relationship between external institutional pressure and firm-benefit CSR.
H3b: Managers' attitude towards CSR is a mediating variable affecting the relationship between internal institutional pressure and mutually-benefiting CSR.

3. Methodology

3.1 Sample and procedure

We first compiled a list of all publicly traded firms in Thailand from Stock Exchange of Thailand (SET) and Market for Alternative Investment (mai). We use public firms because the dilemma of economic versus social imperatives does not exist to a great extent with privately-held firms (Lantos, 2001). We then catalogued all foreign subsidiaries (located in Thailand) of publicly traded firms in the stock exchanges of United States (NYSE and Nasdaq), United Kingdom (London Stock Exchange: LSE) and Japan (Tokyo Stock Exchange: TSE, first section). For firms that are listed in several stock exchanges, we determined the origin of these foreign subsidiaries based on the location of the firm‟s headquarter.

Questionnaire data was collected due to the nature of research and the lack of secondary data. We did a pre-test to check for clarity and validity of questionnaires, as well as to test for the relationships among major variables in the study. The final version is a 5-page questionnaire. We employed a group of Thai undergraduates (fourth year) to administer the surveys. These students were carefully instructed for the task.

The total population of 1,100 firms was approached for approval from the management to participate in the research. Respondents were asked to retain their own and their firms‟ anonymity in the belief that they would be more likely to take part in the research and to answer questions more frankly. One questionnaire was sent to each firm during January-March, 2012, along with cover letter and directions on how to answer. The respondents had the option to have the questionnaires sent by fax, email or in person. The respondents could choose if they prefer Thai or English questionnaire. This is to ensure that concepts are appropriate and valid in cultures under investigation and to reduce misunderstandings in responses because some respondents may be more comfortable in one language over another. We translated our questionnaires into Thai using a back-translation to assure comparability and equivalence in the meaning of questionnaire (Brislin, 1970). Non-respondents were mailed a reminder note every week for three times in order to try to increase response rate. However, because the data collection period was during the firms re-opening after the flood incident of Thailand in 2011-

2012, this may be a principal justification why response rate is a bit low. We believe firms did not have enough time to partake in the research due to pressing issues caused by the flood.

The results obtained from the questionnaires were compared with those from the pre-test involving business practitioners. The comparison of results revealed no significant differences with respect to major variables and their relationships in the study.

The data reported here came from questionnaires sent to managers and/or employees who are responsible for or have knowledge of CSR programs of their firms. Regarding CSR, the role played by managers is extremely important because they are the ones who make strategic decisions and choose social policies to be executed by firms (i.e., Swanson, 2008; Waldman et al., 2006b; Agle et al., 1999). Hence, we prefer a manager-level to answer the questionnaire. In the end, we got a mix of both mid-level managers (61%), and officers (39%).

A total of 210 questionnaires were returned but usable response was 174 firms representing around 16% response rate: 42.6% Thai firms and 57.4% foreign subsidiaries. These firms operate in several sectors as reported in Table 1.

TABLE 1: Industry and firm‟s country of origin

Countries	**Industry**									
	Agro & Food industry	Consumer products	Financials	Industrials	Property & construction	Resources	Services	Technology	Electric appliances	**Total**
US	1	5	.	11	.	1	9	6	1	**34**
UK	1	2	3	2	.	1	7	1	.	**17**
Japan	1	4	.	17	3	.	12	5	7	**49**
Thai	7	3	8	11	15	4	17	9	.	**74**
Total	**10**	**14**	**11**	**41**	**18**	**6**	**45**	**21**	**8**	**174**

From the sample, 88% of firms are currently engaging in CSR programs. For firms that are doing CSR, 94% of these firms are highly likely to continue with their CSR projects, 79% are satisfied with their CSR results, and 85% have financial resources allocated for CSR projects. Mostly firms spend 0-1% of net income on CSR projects. For firms that are not currently engaged in CSR, 88% reported they were planning for CSR, mostly within 1-3 years. The main reasons of firms not planning to engage in CSR are due to firms experiencing loss or the management being uninterested in CSR. Firm"s two most important stakeholders when engaged in CSR are community/state welfare (58%) and employees (17.5%). More information is reported in Table 2.

TABLE 2: Firm"s important stakeholders

Firm's important stakeholders:	
Community/state welfare	58.48%
Employees	17.54%
Shareholders/investors	12.87%
Customers	10.53%
Suppliers	0.58%

From our sample, most firms (77%) offer ethical training to their employees, with the average of one ethical training per year. Of all firms, 65% of all Japanese subsidiaries provide ethical training for their employees while it is 76% for US subsidiaries, 94% for UK subsidiaries, and 81% for Thai firms.

3.2 Respondents

Job titles of the respondents indicate a wide range of business professionals. Some of the job titles listed includes CSR managers, human resources mangers, marketing managers, brand managers, assistant managers, and CSR officers. The majority of respondents were of Thai nationality (97%), while the rest were one of British origin, one Chinese, one Japanese, and one

US citizen. Mean age of the respondents was 36 years old and mean amount of years spent in the firm was 7.02 years (SD 7.07). Most respondents (92.49%) reported having previously received ethical education, with the average of 3-6 years of ethical education. Table 3 contains an examination of some demographic characteristics of the respondents.

TABLE 3: Characteristics of respondents

	Manager-level	**Officer-level**	**Total sample**
Sex			
Male	48	22	70
Female	57	46	103
Civil status			
Single	52	54	106
Married	50	13	63
Divorced	2	0	2
Widowed	2	0	2
Education			
Undergraduate	43	47	90
Graduate	61	18	79
PhD	2	0	2
Others: secretary diploma	0	2	2
Religion			
Buddhism	97	60	157
Christianity	6	3	9
Islam	0	2	2
Others: i.e., no religion	3	3	6

3.3 Measures

3.3.1 Core variable: Internal and external institutional pressure

The respondents were asked what the most important motivation of the firm to engage in CSR was. We grouped top management, employees and shareholders into internal institutional players, while competitors, community at large, government (through legislation of laws and regulations), and other external pressures such as industry trend are grouped as external institutional players. Details of institutional pressures are reported in Table 4. We use dummy variable of 1 for internal pressures, and 0 otherwise.

TABLE 4: Firm‟s institutional pressures to engage in CSR

Firm's institutional pressures to engage in CSR:	
Internal pressure from top management	33.53%
External pressure from the public	25.15%
External pressure from competitors (as a form of strategy)	14.97%
Other external pressures, i.e., ethical reasons, tax refund reasons, brand image, new trend	10.78%
Internal pressure from employees	7.78%
To comply to laws	6.59%
Internal pressure from shareholders	1.20%

3.3.2 Core variable: CSR Attitude

We measured individual‟s degree of socially responsible attitude based on a scale developed by Hunt et al. (1990). This scale was designed to measure the extent to which individuals hold *beliefs that firms have duties to serve not only firms but also society*.

We adapted from a 7-point to a 9-point Likert scale in order to increase scale sensitivity while maintaining reliability and validity of the original scale (Preston and Colman, 2000). The four items were averaged for each respondent with higher composite score representing a stronger belief in the importance of businesses to engage in CSR activities.

Previous research shows that East Asians experience positive and negative emotions in a more holistic manner rather than in a bipolar manner (Bagozzi et al., 1999); therefore, a mixed-worded Likert scale (positively-worded versus negatively-worded) is problematic and results in lower internal consistency and dimensionality problem (Wong et al., 2003). A classic solution is to remove the reversed-worded items. In addition, cross-cultural researchers should never use instruments that were designed for one culture on other cultures without modifications (Brislin, 1976). Taking this into consideration, we re-ran the analysis using factor analysis (principal-component method) to compare the results of both the original scale of four items and the reduced scale of three items (dropping a reversed score). The 3-item scale produced an improvement. The adjusted scale is unidimensional and has high reliability (cronbach‟s alpha = 0.7). Table 5 shows the result of a factor analysis of an adjusted scale.

TABLE 5: Exploratory factor analysis: CSR attitude scale

Scale item	Factor loadings	Uniqueness
The socially responsible manager must occasionally place the interests of society over the interests of the company.	0.66	0.56
The fact that corporations have great economic power in your society means that they have a social responsibility beyond the interests of their shareholders.	0.84	0.29
As long as corporations generate acceptable shareholder returns, managers have a social responsibility beyond the interests of shareholders.	0.85	0.27

Eigenvalue = 1.86
% of variance = 62%
1 = strongly disagree and 9 = strongly agree

Consequently, the degree of respondents‟ CSR attitude was operationalized using the composite score of the adjusted scale that measures individual‟s agreement/disagreement (1=strongly disagree and 9=strongly agree) with the statements.

3.3.3 Dependent variable: CSR types

The questions on CSR types contain twelve statements. They were compiled from existing literature, experts and practitioners in business fields. These items were placed randomly in a single set to reduce the likelihood of a „halo‟ response pattern (Thorndike, 1920) and also to find out how managers interpret CSR in terms of interpreting CSR behaviors. Our items address diverse but broad CSR issues for several reasons. First, different social issues are of varying concerns to businesses depending on the industries. For example, a bank is not pressed on pollution as much as a manufacturer. Second, the emphasis on the types of social issues businesses must address change with time. As values and demands of society are continuously changing, the content of firms‟ CSR programs is limited to the space and time at that moment (Preston and Post, 1975). Third, businesses that are embedded in different national systems, with different social and political issues to deal with, experience divergent degrees of internal and external pressures (Matten and Crane, 2005), resulting in different types of CSR activities to be engaged in. Fourth, Carroll (1979) recommended that firm"s CSR should at least involve 4-5 stakeholder groups. Therefore, these statements are rather *general* because CSR issues and degree of organizational interest in CSR are always in a state of flux (Carroll, 1979). Table 6 shows the simple distribution of managers" responses towards different statements on CSR.

TABLE 6: Percentage of managers" response towards CSR

	Statements	**N**	**Mean**	**Mode**	**SD**
Q1	Are well integrated into all aspects of firms	174	6.62	7	1.99
Q2	Have a follow-up plan to inspect the impact of CSR programs on beneficiaries	174	5.94	6	2.12
Q3	Have made the surrounding environment better or mitigated environmental impacts	173	6.71	7	2.07
Q4	Receive a satisfactory level of media coverage	171	5.42	6	2.30
Q5	Receive involvement from stakeholders (i.e., consumers, employees)	173	6.91	7	1.79
Q6	Have met the objectives previously specified before initiating CSR programs	174	6.65	7	1.74
Q7	Have helped to reduce costs	173	4.47	4	2.23
Q8	Increase the well-being of beneficiaries of those CSR programs	174	6.63	7	1.93
Q9	Increase the performance of employees	174	6.12	6	1.78
Q10	Increase the firm"s sense of belonging to the community	173	6.86	7	1.98
Q11	Increase in positive perceptions of firms/brands/products	174	7.11	8	1.82
Q12	Increase in direct economic value (i.e., sales) generated by CSR programs	172	5.03	5	2.20

From Table 6, we observed that the distributions of responses do not form a particular pattern. We then performed a factor analysis with principal-component method and rotation to distinguish the different types of CSR. Before performing a factor analysis, we tested if the items were suitable by using KMO and Bartlett tests. The results indicated that a factor analysis was a good idea (KMO = 0.89; Bartlett: p-value 0.00).

TABLE 7: Exploratory factor analysis

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor 1	6.45258	5.14959	0.5377	0.5377
Factor 2	1.30299	0.48353	0.1086	0.6463
Factor 3	0.81946	0.19051	0.0683	0.7146

LR test: independent vs. saturated: chi2(66) = 1228.78 Prob>chi2 = 0.0000

Factor loadings (pattern matrix) and unique variances			
Variable	**Factor1**	**Factor2**	**Uniqueness**
Q1	0.7195	-0.3326	0.3717
Q2	0.7432	-0.0914	0.4393
Q3	0.7773	-0.1439	0.3751
Q4	0.6487	0.2302	0.5262
Q5	0.8243	-0.1953	0.2823
Q6	0.7947	-0.2768	0.2919
Q7	0.5812	0.6455	0.2456
Q8	0.7112	-0.1919	0.4573
Q9	0.6785	0.2859	0.4579
Q10	0.8247	-0.1822	0.2867
Q11	0.829	-0.0377	0.3114
Q12	0.6125	0.6525	0.1991

	Scale item of mutually-benefiting CSR	**Factor loadings**	**Uniqueness**
Q1	Are well integrated into all aspects of firms	0.7629	0.4179
Q2	Have a follow-up plan to inspect the impact of CSR programs on beneficiaries	0.7565	0.4277
Q3	Have made the surrounding environment better or mitigated environmental impacts	0.7991	0.3614
Q5	Receive involvement from stakeholders (i.e., consumers, employees)	0.8436	0.2883
Q6	Have met the objectives previously specified before initiating CSR programs	0.8418	0.2913
Q8	Increase the well-being of beneficiaries of those CSR programs	0.7403	0.4519
Q10	Increase the firm‟s sense of belonging to the community	0.8538	0.2709
Q11	Increase in positive perceptions of firms/brands/products	0.8232	0.3224

Eigenvalue = 5.17
% of variance = 65
1 = strongly disagree and 9 = strongly agree

	Scale item of firm-benefit CSR	**Factor loadings**	**Uniqueness**
Q4	Receive a satisfactory level of media coverage	0.6794	0.5384
Q7	Have helped to reduce costs	0.8469	0.2828
Q9	Increase the performance of employees	0.7292	0.4683
Q12	Increase in direct economic value (i.e., sales) generated by CSR programs	0.8635	0.2544

Eigenvalue = 2.45
% of variance = 61.4

1 = strongly disagree and 9 = strongly agree

The results of factor analysis are shown in Table 7. Two factors are clearly identified as expected, which accounted for 64.63% of the common variance.

1. We label the first factor *mutually-benefiting CSR*. It is based on Freeman (1984)‟s stakeholder theory. We use this terminology to highlight the point that this type of CSR benefits both firms and society. It focuses on the integration of social demands into firms‟ business activities because businesses depend on society for existence, growth and continuity. The component is most highly correlated among statements such as „increase the firm‟s sense of belonging to the community (factor loading 0.85)‟, „increase in positive perceptions of firms/brands/products (factor loading 0.82)‟ and „have made the surrounding environment better or mitigated environmental impacts (factor loading 0.79).‟ Results show a high reliability with cronbach‟s alpha of 0.92.
2. We label the second factor *firm-benefiting CSR*. It is based on Jensen (2002)‟s enlightened value maximization. Unlike mutually-benefiting CSR, this type of CSR captures the aspects of CSR where firms focus on achieving economic objectives through social activities. The component is most highly correlated among statements such as „increase in direct economic value (i.e., sales) generated by CSR programs (factor loading 0.86)‟ and „have helped to reduce costs (factor loading 0.85).‟ Results show high reliability with cronbach‟s alpha of 0.78.

3.4 Control variables

CSR practices are conditioned by characteristics of managers and firms (Godos-Díez et al., 2011; Hillman and Keim, 2001; Waddock and Graves, 1997) as well as CSR characteristics (McWilliams and Siegel, 2001); hence, we included these factors as control variables to add precision to our model.

First, we included industry, size, country and ethical training as controls for firm‟s characteristics. Industry was included to ensure that differences in types of CSR engagement are not merely an effect of industry differences. In this paper, industry dummies were coded as categorized by the stock exchange of Thailand. Size was included because there is evidence that larger firms exhibit more overt socially responsible behaviors than smaller firms (McWilliams and Siegel, 2001; Waddock and Graves, 1997; Carroll, 1991), and therefore, might affect the types of CSR involved, for instance, simple donation for smaller firms versus fully-integrated CSR for bigger firms. We measured firm size using the logarithm of total revenues of 2011 taken from the annual reports and Thai government database. A country‟s culture and ideology affect behavior, organizational structure and organizational culture (Hofstede and Hofstede, 2005); thus, we expected county to have an effect on the differing preferences for CSR types. Country dummies were included. A dummy of whether ethical training is offered by firms was also included because firms‟ ethical trainings affect employees‟ socially responsible behaviors (Graafland et al., 2003).

Second, we included a dummy of a respondent having previously received ethical education or no ethical education as control. Ethical education forms parts of personal characteristics that affect moral reasoning processes, which in turn, influence socially responsible behaviors (Goolsby and Hunt, 1992). Likewise, formal training in moral philosophy shapes the processes through which individual ethical decisions are made (Goolsby and Hunt, 1992); consequently, making particular CSR activities appear more important than others.

Third, Lantos (2001) stated that certain characteristics of firms‟ CSR influence CSR practices; therefore, we controlled for whether a firm has financial allocation for CSR or not along with a dummy stating whether a manager‟s performance evaluation is tied to CSR or not.

4. Results

Table 8 displays the means, standard deviations, and correlations among main variables investigated and their controls. Note that our measures of the following controls – firm size (log of total revenues), industry, and country – were derived from the stock of exchange of Thailand, Thai government database and annual reports. The correlation matrix yields several noteworthy results. First, we find that internal institutional pressure is not significantly correlated with either firm-benefit CSR or mutually-benefiting CSR but is positively related to CSR attitude ($r = 0.17$, $p < 0.05$). Second, the results also reveal positive associations between CSR attitude and both types of CSR ($r = 0.16$, $p < 0.05$ and $r = 0.13$, $p < 0.10$, respectively). Third, as for control variables, ethical training, ethical education, firm‟s financial allocation for CSR are positively correlated with mutually-benefiting CSR, while only ethical education is positively correlated with firm-benefit CSR. Fourth, firm size is positively correlated with firm‟s financial allocation for CSR. This finding is consistent with theoretical and empirical evidence presented by McWilliams and Siegel (2001), Waddock and Graves (1997) and Carroll (1991) that larger firms exhibit more overt socially responsible behaviors than smaller firms. Interestingly, managers‟ incentive tied to CSR does not correlate with any variables. A plausible explanation is that most respondents answered no for this question. The variance inflation factors (VIFs) are in the range of 1.06-6.19 with the mean of 2.36, which are far from the threshold of 10, indicating no evidence of multicollinearity.

TABLE 8: Means, standard deviations, and correlations

Variable	M	SD	1	2	3	4	5	6	7	8	9
1. Firm-benefit CSR	0	1	1								
2. Mutual-benefiting CSR	0	1	0.63*	1							
3. Internal pressure[a]			-0.06	-0.04	1						
4. CSR attitude	5.62	1.57	0.16**	0.13†	0.17**	1					
5. Firm size	4.47	2.50	0.08	0.19**	0.08	0.01	1				
6. Ethical training[b]			0.08	0.27*	-0.04	0.05	0.10	1			
7. Ethical education[c]			0.19**	0.22*	0.06	-0.09	0	0.08	1		
8. Firm‟s financial allocation for CSR[d]			0.11	0.26*	0.11	-0.10	0.23*	0.03	0.02	1	
9. Managers‟ incentive tied to CSR[e]			0.04	0	0.12	0.11	0.04	0.12	0.01	0.06	1

† $p < 0.10$, ** $p < 0.05$, * $p < 0.01$
n = 174

[a] coded 0 = internal institutional pressure, 1 = otherwise

[b] coded 0 = no ethical training offered by the firm, 1 = otherwise
[c] coded 0 = no ethical education, 1 = otherwise
[d] coded 0 = no financial resources for CSR projects, 1 = otherwise
[e] coded 0 = manager"s performance evaluation not tied to CSR, 1 = otherwise

To test our hypotheses, we conducted a hierarchical regression analysis (with robust). The usual procedure that examines the presence of mediation among a set of variables requires specification of three different regression equations: (1) the dependent variable is regressed on independent and control variables (Model 1), (2) the mediating variable is regressed on independent and control variables (Model 2), and (3) the dependent variable regressing on independent, mediating, and control variables (Model 3) (Baron and Kenny, 1986). However, many contemporary analysts (i.e., MacKinnon et al., 2007; Kenny et al., 1998) express that the significance of independent variable in Model 1 is not required since the relationship is implied if Model 2 and Model 3 are met. MacKinnon et al. (2007) refer to this as *inconsistent mediation* where Model 1 is not met, but there is mediation due to a mediator acting like a suppressor variable. This is the case where, for instance, the direct effect is negative but the indirect effect is positive. The total effect is then small because the direct and indirect effects cancel each other out. Given that two types of CSR were found, two regression equations were specified for Model 1 and 3: Model 1a, 1b, 3a and 3b. Table 9 reports regression results.

TABLE 9: Results of hierarchical regression analysis

	Firm-benefit CSR	Mutually-benefiting CSR	CSR attitude	Firm-benefit CSR	Mutually-benefiting CSR
	Model 1a	Model 1b	Model 2	Model 3a	Model 3b
Control variables					
firm size	0.0824†	0.0610	0.0326	0.0805†	0.0556
ethical training	0.1229	0.6157*	0.0662	0.1036	0.6018*
ethical education	0.9058*	0.7949**	-0.6000	0.9890*	0.8698*
CSR financing	0.2078	0.5549**	-0.3708	0.2694	0.6031**
manager‟s CSR incentives	0.2438	-0.1643	0.8219**	0.1375	-0.2708
industry: food	0.3749	0.2764	1.2882†	0.1924	0.1124
industry: consumer products	0.1949	0.0531	1.3456**	0.0037	-0.1185
industry: finance	0.1451	0.4883	2.2282*	-0.1752	0.2073
industry: industrials	0.1431	0.1108	1.4913*	-0.0726	-0.0818
industry: property and construction	0.0780	0.1233	1.3716**	-0.1240	-0.0548
industry: resources	-1.0732**	0.1795	1.2635†	-1.260**	0.0068
industry: services	0.2592	0.2442	1.2820**	0.0840	0.0771
industry: technology	0.0686	0.1663	1.1283**	-0.1080	0.0215
country: US	0.2644	0.2735	0.2302	0.2303	0.2409
country: UK	-0.1316	-0.3060	-0.2041	-0.0977	-0.2886
country: Japan	-0.1540	0.1791	-0.2867	-0.1213	0.2099
Internal pressure	-0.2390	-0.1409	0.5380**	-0.3319**	-0.2121
CSR attitude				0.1431*	0.1240**
_cons	-1.5216**	-2.1085*	4.7308*	-2.2048*	-2.6766*
F	1,70**	2.45*	2.44*	2.45*	2.87*
R^2	0.14	0.22	0.14	0.18	0.25
n	164	167	170	164	167

†$p < 0.10$, **$p < 0.05$, *$p < 0.01$

Model 1a showed that internal institutional pressures variable was insignificant to firm-benefit CSR (β = -0.2390, p > 0.10), supporting Hypothesis 1a. As we coded internal pressure dummy as 1 and 0 otherwise, we can interpret Model 1a in terms of external pressures by switching the sign of beta. Therefore, we found no support for Hypothesis 1b. Likewise, in Model 1b, we found that internal institutional pressures (β = -0.1409, p > 0.10) was insignificant to mutually-benefiting CSR. The results yield support for Hypothesis 1d but no support for Hypothesis 1c. Many authors (i.e., Aguilera et al., 2007; Matten and Crane, 2005; Weaver et al.,

1999) explain that there are increasing internal and external pressures exerted on firms to fulfill broader social goals through undertaking CSR. Our result does not contradict with preceding research but it merely attests that external and internal institutional pressures do not affect the types of CSR firms embrace.

In Model 2, we found that internal institutional pressures (β = 0.5380, $p < 0.05$) was positively and significantly related to CSR attitude. Therefore, we found support for Hypothesis 2 and the first necessary condition for a mediating effect to exist is fulfilled. All industry dummies were positively and significantly related to CSR attitudes, along with managers‟ CSR incentives (β = 0.8219, $p < 0.05$).

For Model 3a, firm-benefit CSR was regressed on internal institutional pressures, CSR attitude and control variables. The result indicated a partial mediation. In Model 3b, firm-benefit CSR was replaced by mutually-benefiting CSR. Mutually-benefiting CSR and internal institutional pressures were not related in the presence of CSR attitude, demonstrating a full mediation. Following the ideas of MacKinnon et al. (2002), we conducted the Sobel test (Sobel, 1982) to determine the significance of the mediating effect. The tests reported significant Z value at 1.89 ($p < 0.10$) for firm-benefit CSR and 1.7 ($p < 0.10$) for mutually-benefiting CSR, verifying a significant mediation for both cases. However, p values are not so low. We suspect that a larger sample size would fix this because Sobel test is based on normality assumption, and therefore, requires a large sample size in order to have sufficient power to detect significant effect. On that ground, we did bootstrap (Preacher and Hayes, 2004) to further confirm the results from Sobel test. As our sample size is rather small, bootstrapping is more appropriate. The results from 95% bias corrected bootstrap confidence intervals (based on 1,000 bootstrap samples) conclude that the indirect effect is significant. Taken together, these results indicate that CSR attitude mediates the relationship between (1) external institutional pressure and firm-benefit CSR, and (2) internal institutional pressure and mutually-benefiting CSR, providing support for Hypothesis 3a and 3b.

5. Discussion

Our study contains several interesting findings. First, we reported significant industry dummies but insignificant country dummies. Our results confirm that individuals have distinct attitudes towards CSR contingent on industries (Strike et al., 2006; Bansal and Roth, 2000). Our results are also consistent with studies by (1) Maignan and Ralston (2002) which illustrates that institutional environment of host country has stronger effect in shaping CSR attitude of employees and managers than institutional environment home countries, and (2) Chapple and Moon (2005) which concludes that CSR profile of multinational companies (MNCs) reflect characteristics of the country of operation rather than the country of origin.

Second, in line with upper echelon theory (Hambrick and Mason, 1984), our results show that CSR attitude induces managers to make differing decisions pertaining to types of CSR to be involved in.

Third, and perhaps most importantly, our findings are in conjunction with Margolis and Walsh (2003) who noted that the process how firms generate responses to social ills is first through trying an option based on feedbacks from institutional environment and cognitive processes, which then is transferred into generation and weighing of behavioral trial (Gavetti and Levinthal, 2000). Specifically, our results unveil that external and internal institutional pressures alone do not have significant relationships with both firm-benefit CSR and mutually-benefiting CSR. Instead these forces affect CSR attitude of managers, which successively, influences the kinds of CSR they consider and engage in.

Fourth, our findings found that CSR attitude partially mediates the relationship between external institutional pressures and firm-benefit CSR. As mentioned earlier, firm-benefit CSR focuses on achieving economic objectives through social activities. A sound explanation can be that external institutional pressures instill defensive CSR attitude in managers. They might feel attacked and become protective of themselves and their firms and respond by embracing CSR that are superficial rather than deeply-integrated into firms‟ regular business affairs. In one case, we can interpret this happening based on what Waddock and Graves (1997) termed it a good management theory where firms „do well by doing good.‟ For those good managers who do not necessarily accredit CSR but recognize that there are institutional pressures and benefits associated with CSR, they might see external forces compelling firms to initiate CSR as a form of demand. These managers then respond by pursuing CSR anyway in order to, for instance, meet external players‟ expectations, conciliate threats from interest groups (Baron, 2001), gain benefits from appearing socially responsible, or avoid significant bad publicity (Waddock and Graves, 1997). It is merely firm‟s defensive response to CSR because extraneous players demand it (Clarkson, 1995). Hence, it is not a real CSR and decoupled from firms‟ regular business affairs (Weaver et al., 1999). In another case, for those managers who have just found themselves caught in the fact that the outside world demands CSR but not clear on what to do about it, their common responses have been cosmetic, focusing on public relations and media campaigns to showcase firms‟ good deeds rather than actually achieving mutual benefits with the society (Porter and Kramer, 2006). This accords with our results that it is a reactive CSR to external demand.

On the other hand, the fifth point, our results suggest that CSR attitude fully mediates the relationship between internal institutional pressures and mutually-benefiting CSR. As aforesaid, mutually-benefiting CSR centers on firms achieving benefits of CSR together with the society. A justification can be, for example, if top management commences a triple bottom line strategy (Hart and Milstein, 2003); firms ergo develop structures that hold everyone working inside the firms accountable to CSR, committed to it, and seeing it as having a value in organizations (Weaver et al., 1999). Consequently, it helps to instill positive attitude towards CSR. Managers will understand that CSR is something that is born from within, not a demand from outside. Also, when internal pressures demand for CSR, mid-level managers, or our respondents, can be sure they are highly likely to receive supports from those above and below them in the organizational structure; hence, it can create a better vitality CSR, deeply-integrated into core-company level. Thus, firms" CSR response can be more proactive, long-term and genuine aiming to truly benefit from it with the society.

We also found other interesting relations about control variables. First, firm size is positive and significant for firm-benefit CSR only. Publicly-held firms are subjected to more vigorous forces to endorse CSR than privately-held firms due to them being more prosperous and thus more prominent. They are often asked for additional social investments and expectations of their generosity are higher than for those of privately-held firms (Campbell, 2007; Margolis et al., 2007). The bigger the firm, the more pressure to invest in CSR.

Second, ethical education is positive and significant to both types of CSR as expected. Ethical education aids in promoting moral managers (Carroll, 1987), who are ethically conscious and sensitive towards morality and other stakeholders (Carroll, 2000). Ethical education comes into play by means of introducing virtues and morality in individuals" decision-making and teaching them to understand about and not hostile towards ethics and moral themes. As "educational systems continue to eliminate a concern for virtue and morals from classroom teaching, a ready supply of amoral young people [, who are inattentive to moral issues,] entering business and organizational life will be guaranteed" (Carroll, 2000: 41). Our results are also consistent with Goolsby and Hunt (1992)"s study that ethical education affects moral reasoning processes, which in turn, influences socially responsible behaviors. Thus, a consideration to implement any types of CSR at least requires some ethical concerns, impregnated through ethical education.

Third, ethical training is positive and significant for mutually-benefiting CSR, but not firm-benefit CSR. An explanation for this incidence can be that top management who are more concerned for CSR are probably calling for more ethical trainings, which in turn, influences a more positive CSR attitude, leading to a more genuine response towards CSR where both firms and societies benefit together. Our results are consistent with Graafland et al. (2003)"s study that ethical trainings influence CSR.

Fourth, CSR financing is positive and significant for mutually-benefiting CSR but not firm-benefit CSR. Mutually-benefiting CSR is a deeper-level and a more genuine response to CSR; therefore, requiring investment, where firm-benefit CSR is a superficial-level CSR requiring minimum investment. As a consequence, CSR financing is not significant for firm-benefit CSR.

Fifth, the coefficients for manager"s performance evaluation tied to CSR are all insignificant. This is may be due to the fact that almost all of manager"s performance evaluation in the sample is not tied to CSR. Our results also confirm previous research that managers" incentives do not have any relationships with CSR (McGuire, Dow and Argheyd, 2003; Hunt et al., 1990).

Lastly, industries and countries controls surprisingly do not have any effect on both types of CSR. It seems likely that firms in the sample are behaving homogeneously in terms of CSR, just as how institutional theory posits, resulting in industries and countries having no effect.

6. Limitations and future research

Although this study has contributed to the knowledge about CSR, a few limitations should be noted when interpreting the results. First, even though we have tried to increase generalizability of our study by extending our samples to include both Thai and foreign subsidiaries, our study can still be limited in terms of generalization. CSR varies considerably among countries and this variation is explained mainly by national business systems (Chapple and Moon, 2005). Second, the nature of our topic could have provoked some respondents to reply in a way that they consider socially acceptable. Social desirability bias could exist. However, we tried to prevent that by (1) using an anonymous survey method that helps to provide more neutrality in the answer, (2) framing questions indirectly rather than directly (Fisher, 1993), and (3) employing forced-choice items (Nederhof, 1985). Third, the use of self-report surveys can produce a percept-percept inflation. However, Crampton and Wagner (1994) concluded that instead of a global condemnation of self-report, a percept-percept inflation can be an exception depending upon domain-specific investigations. Self-report survey remains a useful tool in this case and it is the only way to measure constructs unavailable elsewhere. To help prevent that, we (1) supplemented our self-report data with secondary data (Donaldson and Grant-Vallone, 2002) collected from annual reports, stock exchange of Thailand and Thai government database, and (2) adopted established measures from existing research, instead of designing our own from scratch. Future research could benefit from the inclusion of non-self-report measures of, for instance, institutional pressures. Fourth, we might experience a biased sample, specifically a voluntary response sample, as most firms in our sample are currently engage in CSR. We contacted all the firms in the population; however, the questionnaires that were returned may still be self-selected by those individuals who have strong opinions about CSR. Nevertheless, we are interested in studying the differences among firms with CSR, not firms with CSR versus without CSR. Fifth, our empirical results are based on a relatively small sample size, and thus, should be considered somewhat exploratory. We selected only publicly-traded firms due to data availability. Nonetheless, we strongly encourage research on a broader sample of both publicly-held and privately-held firms to reach a richer understanding of the topic. Last, we have not considered that other variables could intervene in the associations among institutional forces, CSR attitude and types of CSR. It is possible, for example, that organizational characteristics (Wood, 1991), managers" values (Waldman et al., 2006a; Agle et al., 1999) or ethics (Godos-Díez et al., 2011; Barnett, 2007) could affect our causal link. In sum, all measurement methods have limitations and more research is obviously necessary in order to fully understand the effects of institutional pressures, firm-benefit CSR, mutually-benefiting CSR and CSR attitude.

7. Conclusion

This study provides new insights into how firms can deal with CSR in this modern economy where there is a heightened demand for firms to behave in a socially responsible manner. Our results report that CSR attitude is a mediator affecting the relationship between (1) external institutional pressures and firm-benefit CSR, and (2) internal institutional pressures and mutually-benefiting CSR.

8. References

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